



# BALTIMORE

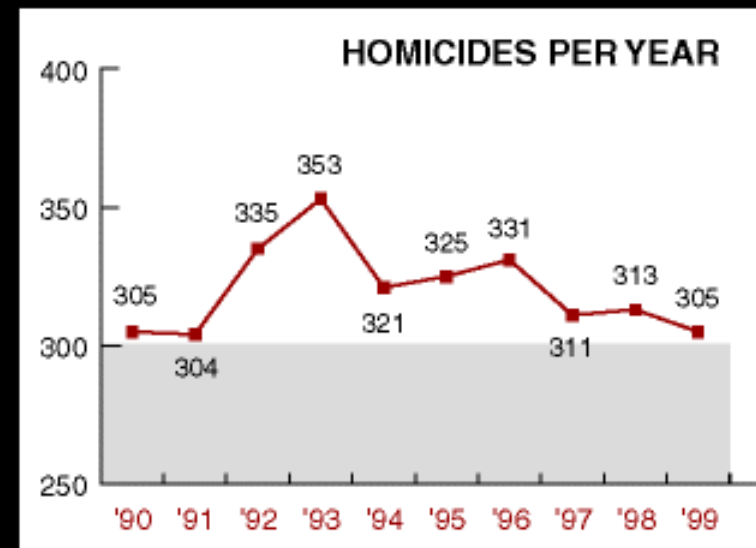
## **Baltimore's Budget: Setting Priorities**

**May 1, 2001**

# BALTIMORE

## 300 MURDERS ANNUALLY

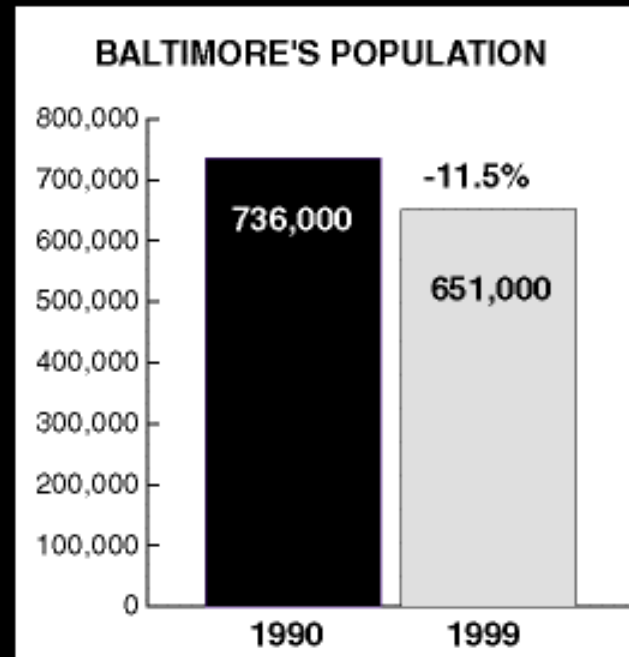
- Baltimore lost more than 3,000 residents to murder during the 1990's, never dipping below 300 murders/year during the decade.



## POPULATION LOSS

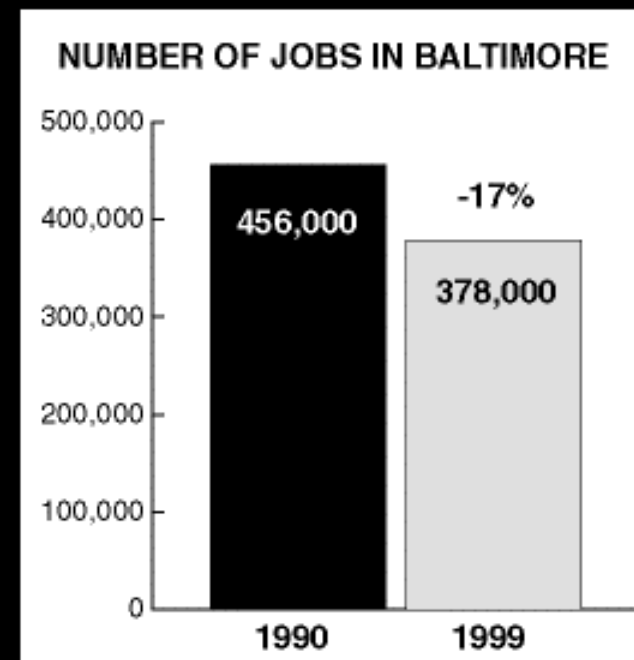
- During the 1990's, Baltimore's population dropped by more than 80,000 people, from 736,000 in 1990 to 651,000 in 2000.

This 11.5% decline was the second largest population loss in the country.



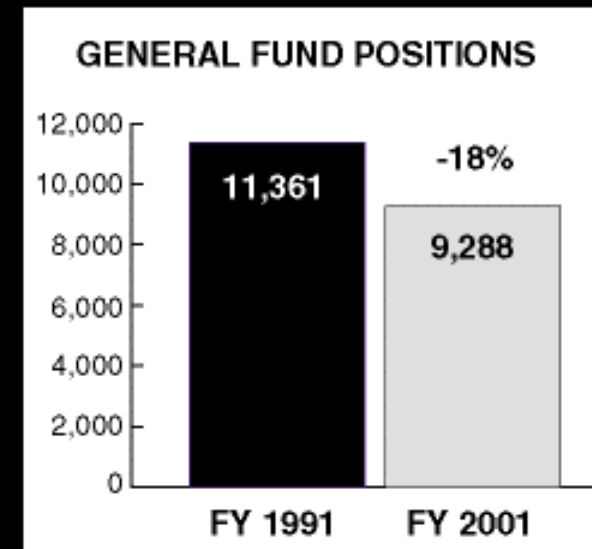
## JOB LOSS

- From 1990 to 1999, the number of jobs in Baltimore fell from 456,000 to 378,000 – a 17% decline, or more than 700 jobs per month.



## BALTIMORE ADJUSTS

- City adjusted to decline by reducing workforce by 18%.
- Too often, cuts reduced investment in quality of life:
  - Police pay became uncompetitive.
  - Trash collection suffered.
  - Rec & Parks cut.
  - Infrastructure investments postponed.

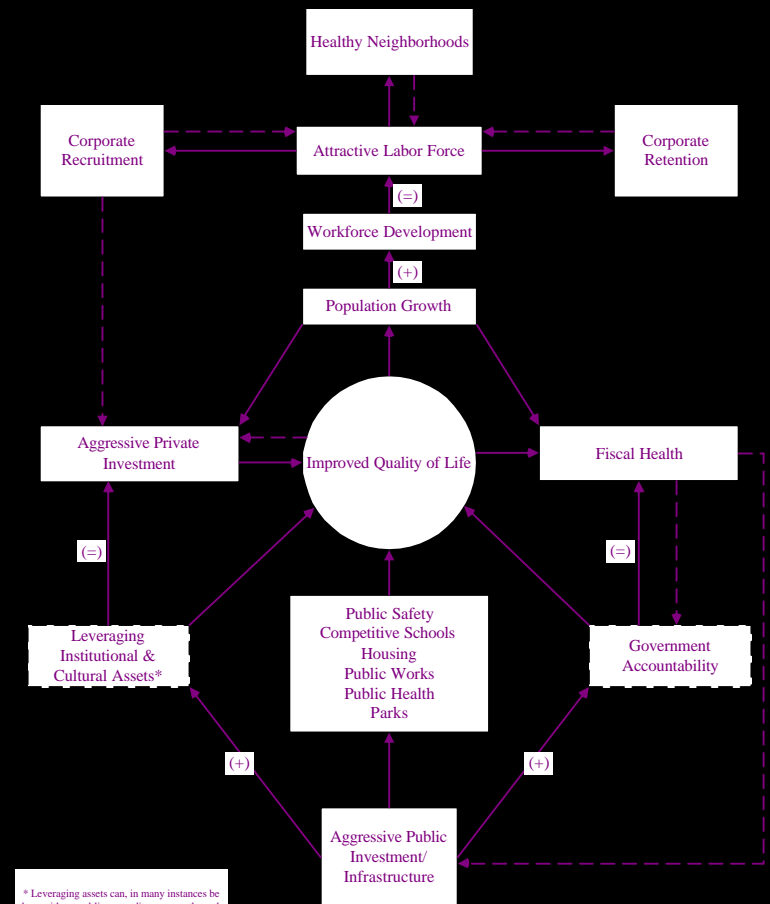


# TURNING BALTIMORE AROUND

How does Baltimore break out of the downward spiral?

By investing in improving the quality of life:  
Public safety is #1

## A Model for Economic Health in Baltimore



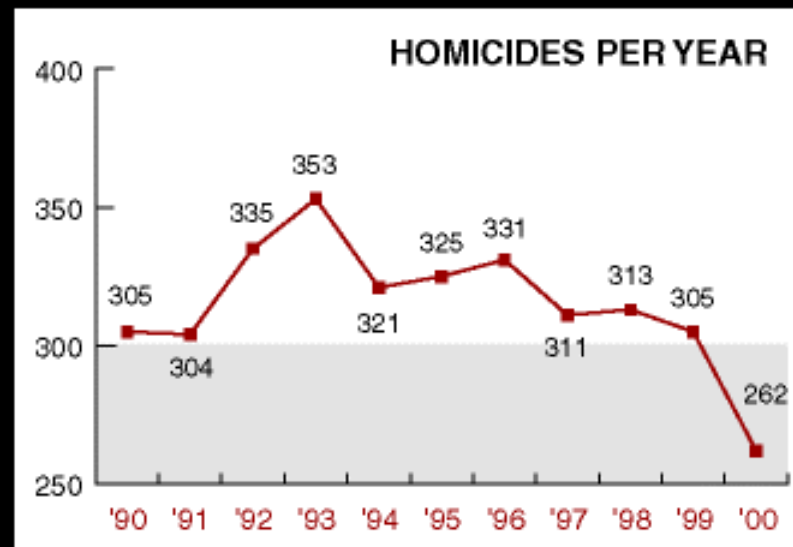
\* Leveraging assets can, in many instances be done without public expenditures, e.g., through effective zoning and planning

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# BALTIMORE

## CRIME IS DECREASING

- Murders driven down 14%, from 305 to 262.
- Violent crime reduced by 15%.
- Baltimore had the nation's biggest reduction in murders for the second half of 2000.



## PROGRESS CONTINUES

- Shootings are down by 20% compared to 2000.
- Violent crime is down 16%.
- Baltimore is already 15 murders – or 14% – below last year's total.



## PROPERTY VALUES UP

- Metro Baltimore is the hottest real estate market in the country, with home resale values up 25% last quarter.
- Existing home sales in Baltimore City were up by 41%, 46% and 65% in the last 3 reported months.
- Property assessments went up by 3.4% in the city last year, with downtown growing by 20%.

## CREATING NEW JOBS

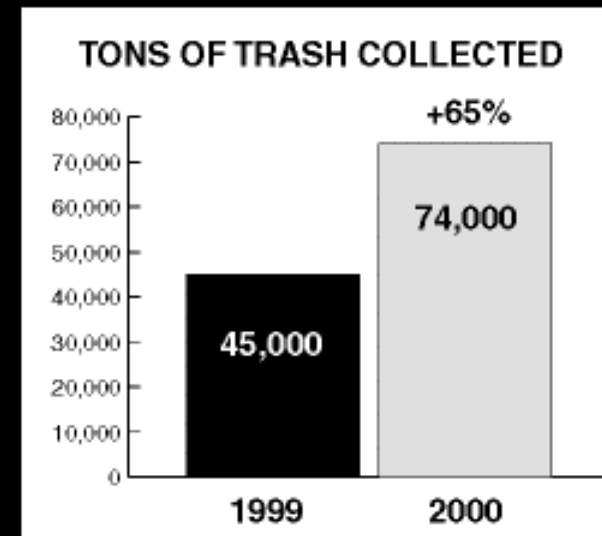
- After losing 80,000 jobs during the 1990s, Baltimore's economy is coming back.
- More than 8,200 jobs created in 2000, and 14,000 new jobs from 1/99 to 12/00.

## PROGRESS HAS A PRICE

- Raise for police & additional prosecutors.
- Police overtime resulted in \$15.9 million in added costs to achieve the nation's greatest reduction in crime for the second half of 2000.
- These investments are making Baltimore a safer city.
- Also, investing an extra \$5 million in Baltimore's schools.

## PROGRESS HAS A PRICE

- Cleanups and reorganizing the Bureau of Solid Waste added \$2.3 million in new costs.
- We collected 65% more trash last year than 1999 – 74,000 tons compared to 45,000 tons.
- This investment is making Baltimore cleaner.



## REALIGNING PRIORITIES & MAKING TOUGH CHOICES

- 5 firehouses closed - 7 fire companies total.
- 9 Neighborhood Service Centers closed.
- Police pulled from 9 PAL centers.
- Small raise and health benefit concessions from city unions.

## CitiStat: BETTER MANAGEMENT

- Saved \$2.2 million in fleet: 415 fewer vehicles and 51% fewer take home cars.
- Productivity of housing inspectors up 300%.
- Unscheduled leave cut by up to 67 percent in DPW's four Bureaus. 100 additional employees at work – just in Water & WW.
- 124 employees fired and 232 suspended in DPW since 7/00, mostly for absenteeism.
- Overtime reduced by \$1.2 million in 3 Bureaus of DPW.
- 2,000 bypassed water meters found, bringing an additional \$150,000 per year.

## FY 2001 COSTS OUTPACE REVENUES

- This year, revenues grew only 1.5%.
- Costs were expected to grow by 6%, but were managed down to 2.4 % (-\$32.5 M) through:
  - A hiring freeze;
  - Better management through CitiStat;
  - Redeploying personnel – including peak time scheduling and new shifts; and
  - Adopting all significant cost-saving recommendations, but one – 1+1 trash collection – made in the GBC/President's Roundtable report.

## FY 2002 COSTS OUTPACE REVENUES

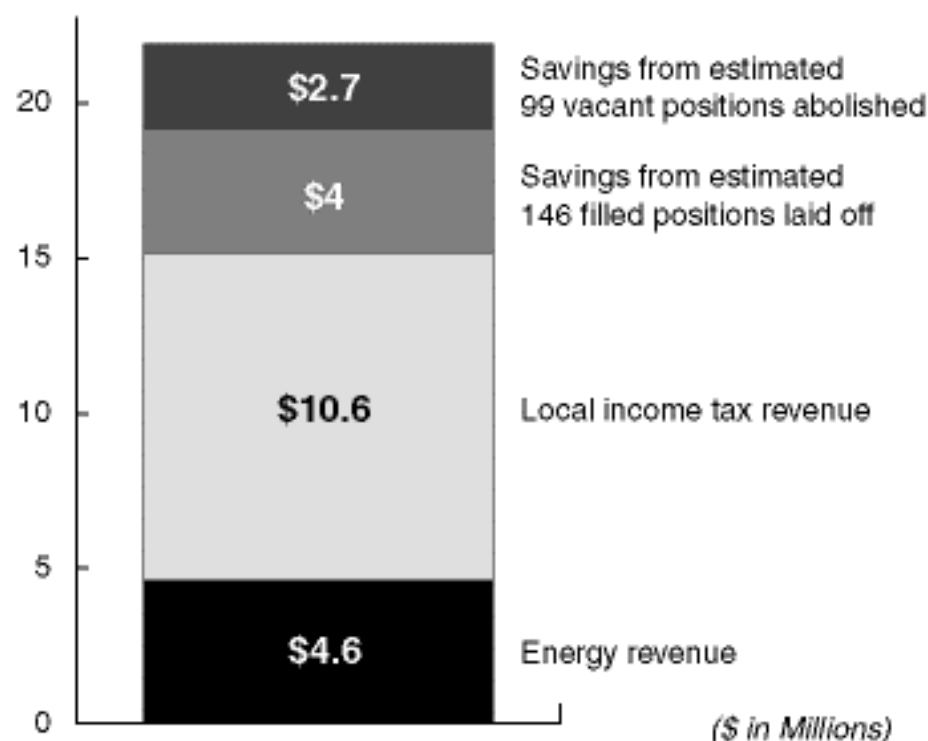
- For 2002, revenue is projected to grow by 1/3, to 2%. But, despite cuts, growth of fixed costs is anticipated to rise 4.5%.
- Until revenue growth matches fixed costs, over the short term, Baltimore will struggle yearly with a deficit.
- Increased taxes must be part of the short-term solution, as well as a long-term restructuring of our tax load.
- As our investments pay off, we will reduce property taxes.



## **FY 2002 BUDGET: Difficult Choices Remain**

- \$21.3 million deficit projected for FY 2002, despite cuts and job and revenue growth.
- 22 of 25 agencies' budgets cut – only Schools, Fire and Police spared.
- At least 245 positions will be eliminated.
- Raising the energy and piggyback taxes are our last resort.
- Property taxes definitely will not increase.

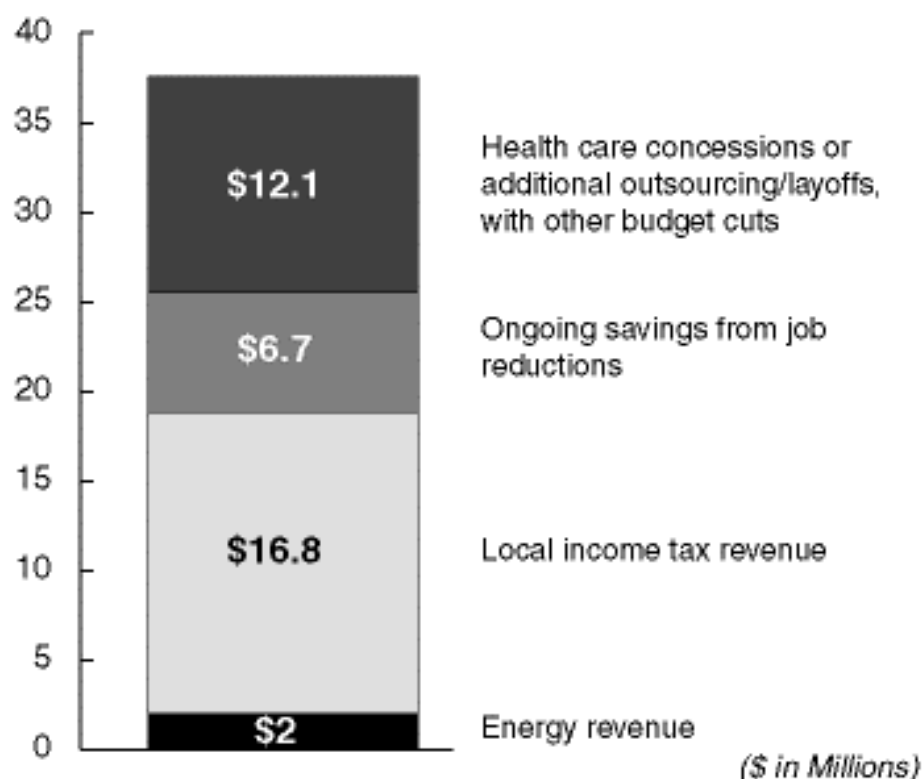
## Fiscal 2002 Preliminary General Fund Plan How we plan to close the \$21.3 million gap?



### \$21.3 Million FY 2002 Budget Deficit

The proposed energy and piggyback tax increases will balance the FY 2002 budget, along with eliminating 245 jobs. Additional minor fee increases, such as impound lot fees, already have been factored into agency budgets.

## Fiscal 2003 Preliminary General Fund Plan How we plan to close the \$37.6 million gap?



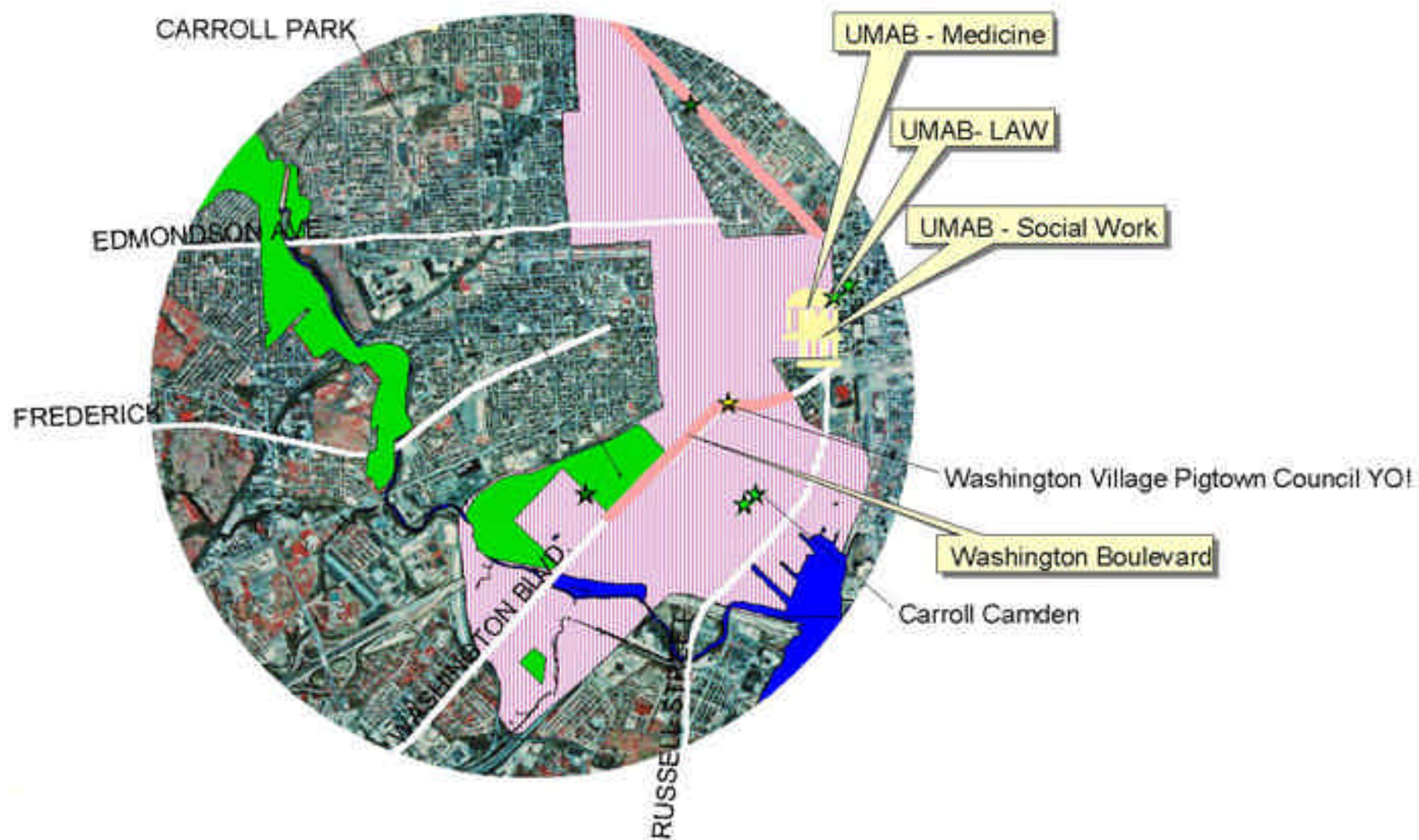
### **\$37.6 million FY 2003 Budget Deficit**

Even with \$18.8 million in new revenues and \$6.7 million in ongoing savings from job reductions, we must make an additional \$12.1 million in cuts in FY 2003. Without new revenues, the FY 2003 deficit would be \$45.1 million.

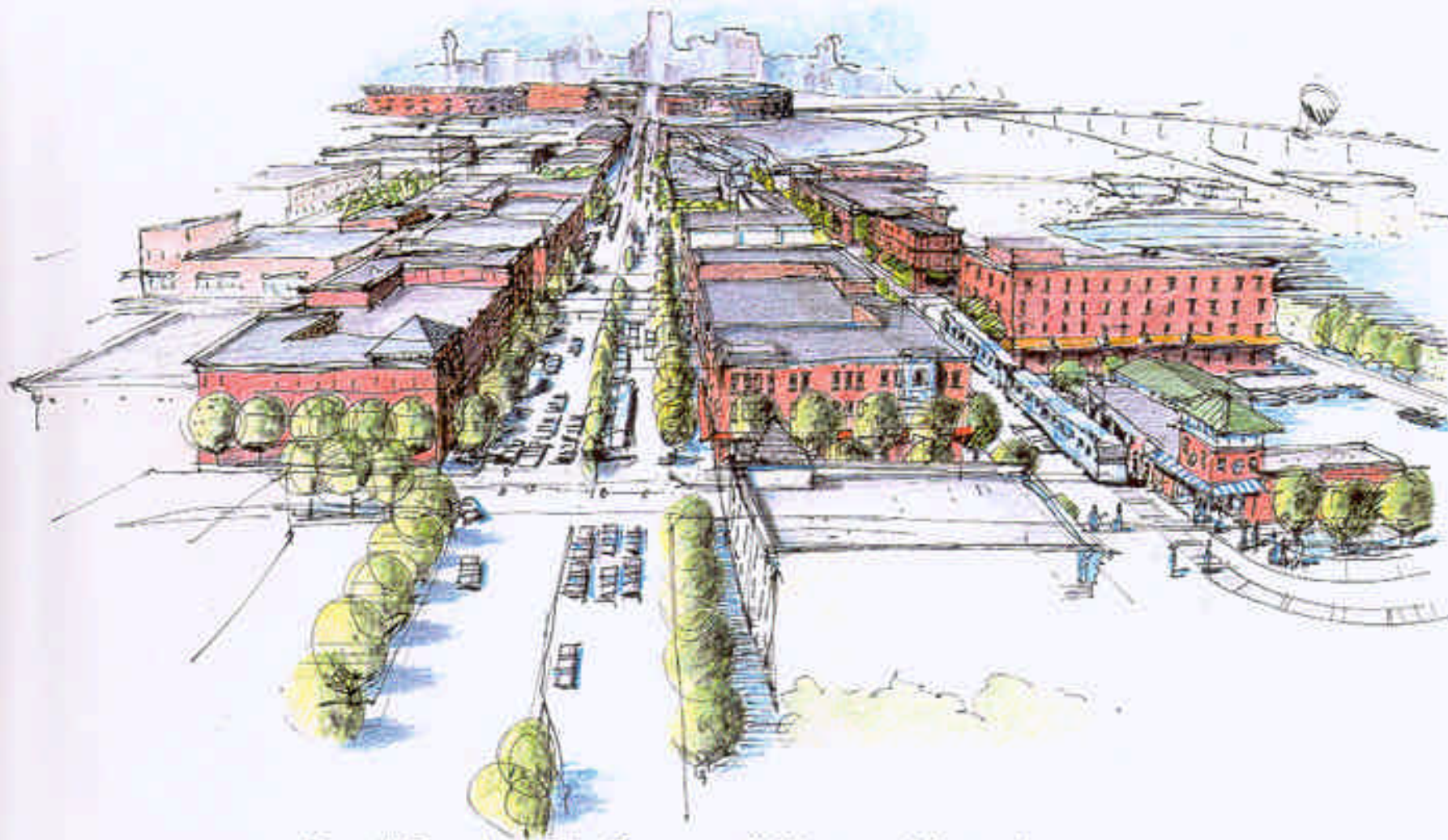
## BALTIMORE'S TAX BASE IS GROWING

- Higher assessments are phased in over 3 years.
- When crime is cut, revenues grow:
  - New York reduced crime by 41% from 95-00, and property tax revenues increased by 18%.
  - New Orleans reduced crime by 36% from 95-00, and property tax revenues increased by 19%.
- Baltimore is next.

# Westside/Carroll/Camden







Carroll/Camden, City Gateway & Westport Masterplan  
Scenario C

February 17, 2000

Baltimore Development Corporation  
Baltimore, Maryland

Design Collective, Inc.  
Baltimore, Maryland





**HIPPODROME PERFORMING ARTS CENTER**  
Renovation of vacant theatre to a  
2,500-seat performing arts center  
\$54M Project      Opening Spring 2002

**UNIVERSITY OF MARYLAND  
LAW & SOCIAL WORK SCHOOL**

\$43M Project

Opening Fall  
2002

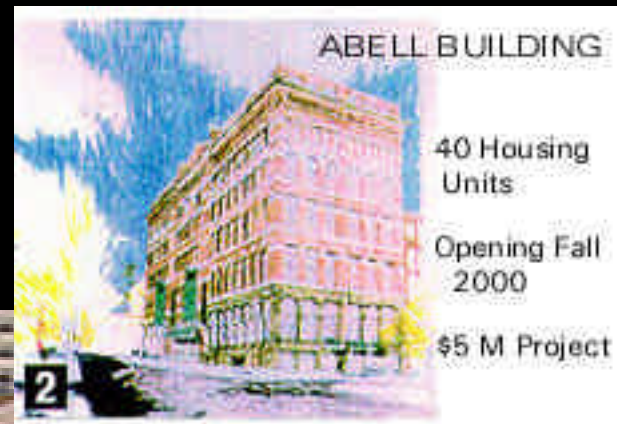
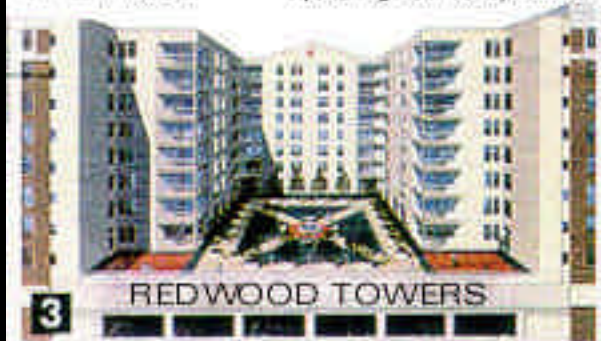


**CENTERPOINT**

Mixed-Use  
50,000 sq.ft.  
Retail  
334 Housing  
Units  
400+ Car  
Garage  
\$54.4M  
Project



151 Housing Units      700 Car Garage  
\$17M Project      Opening January 2000



173  
Housing  
Units  
  
12.3M  
Project  
  
Opening  
Winter  
2001



ATRIUM AT MARKET CENTER





# Digital Harbor



Baltimore's Water Taxi



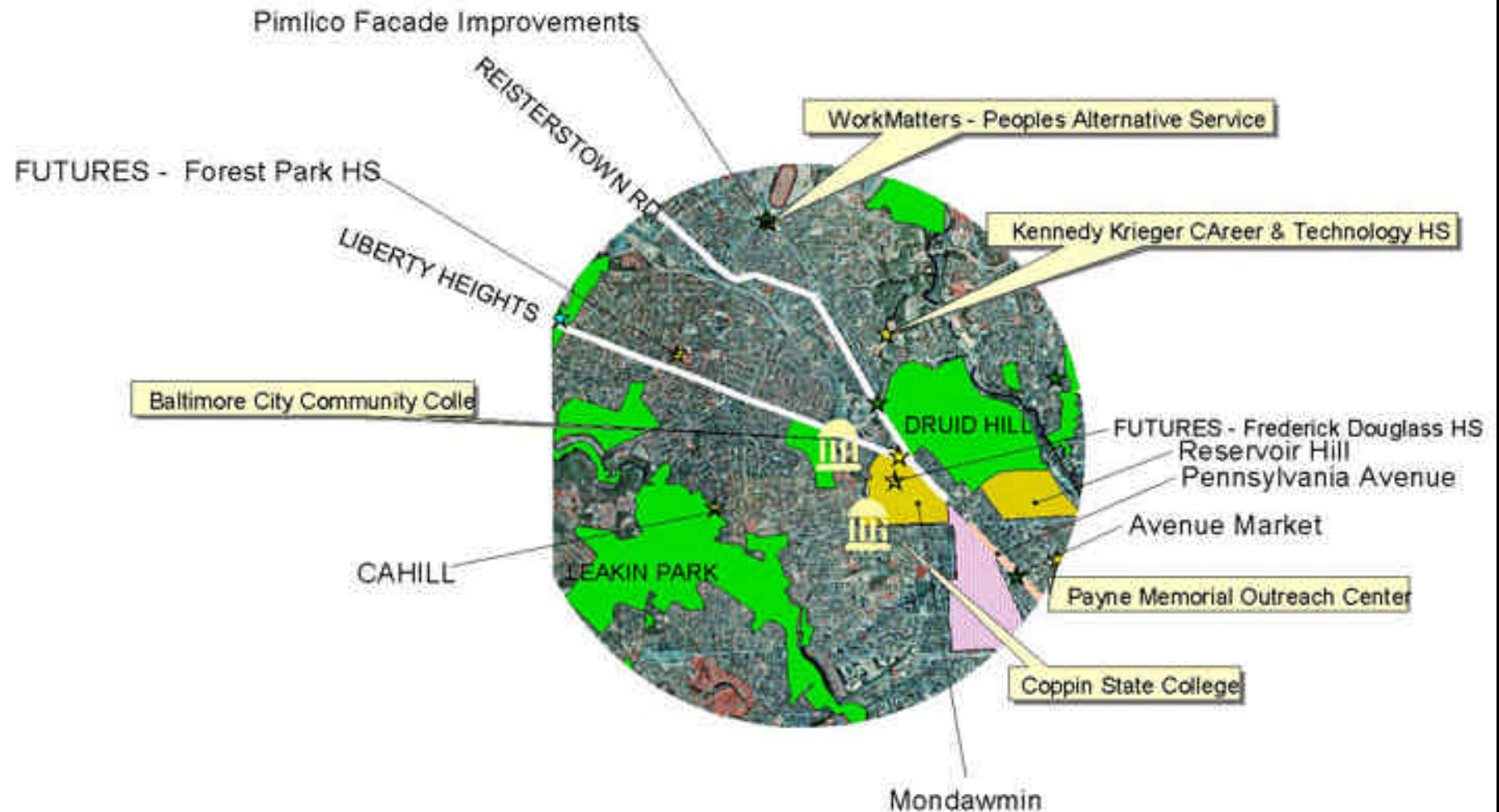
The former Bagby Furniture Company.  
Little Italy



The renovated, mixed-use Can Company complex employs 800 workers

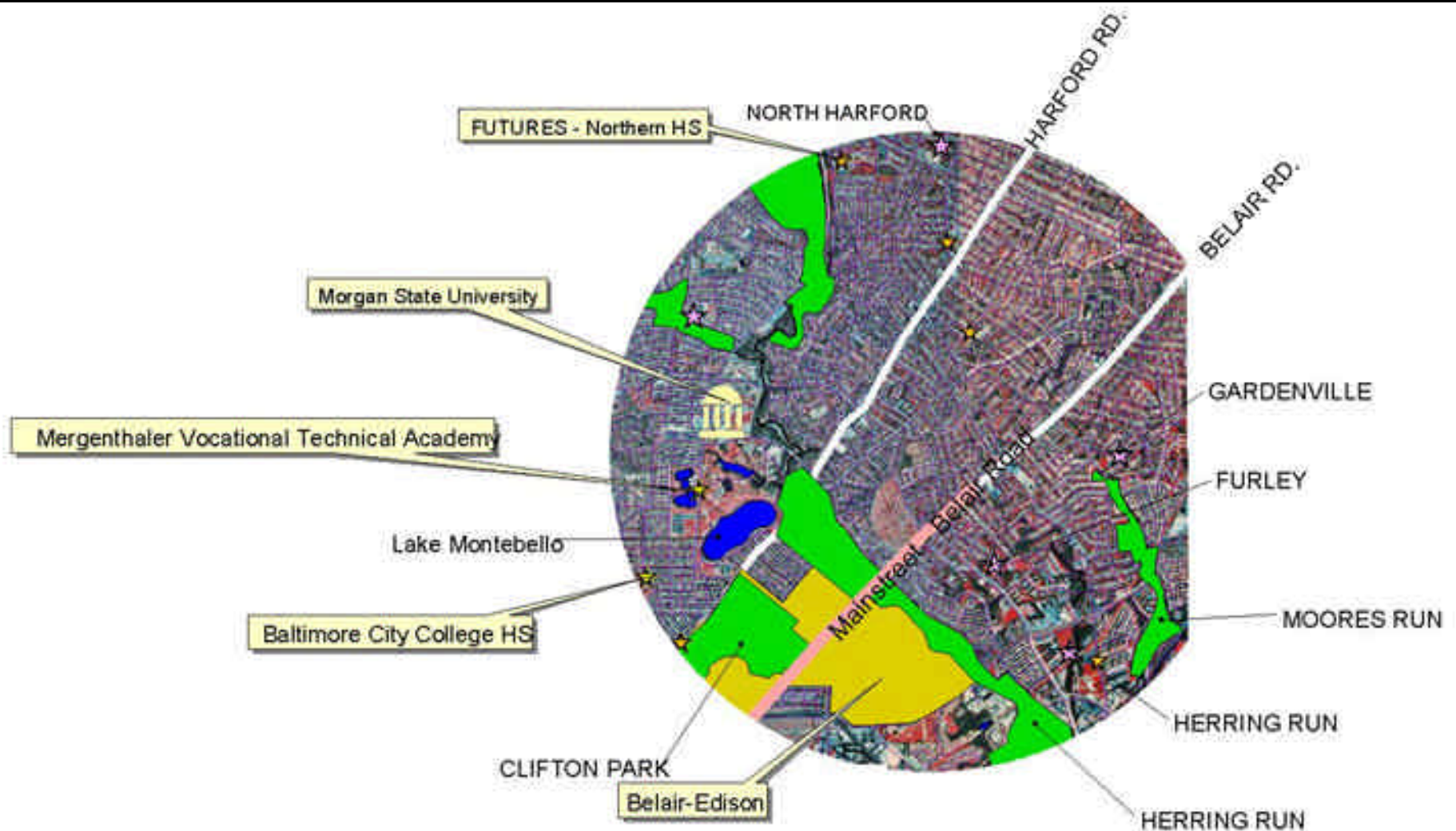


# Coppin State





# Morgan State



## LONG-TERM PROMISE

- Baltimore is coming back.
- Baltimore's rebound will:
  - Create jobs;
  - Increase population; and
  - Grow tax base.

